

HIGH PEAK BOROUGH COUNCIL

Report to the Audit & Regulatory Committee

25th July 2018

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| TITLE: | 2017/18 Annual Review of the Effectiveness of the Audit & Regulatory Committee |
| EXECUTIVE COUNCILLOR: | Councillor Emily Thrane – Executive Councillor for Finance & Corporate Services |
| CONTACT OFFICER: | John Leak – Internal Audit Manager |
| WARDS INVOLVED: | Non-Specific |

Appendices Attached:

Appendix 1 - CIPFA Checklist – Self Assessment of Good Practice

Appendix 2 - CIPFA Assessment Tool - Evaluating the Effectiveness of the Audit Committee

Appendix 3 - Audit & Regulatory Committee Terms of Reference

1. Reason for the Report:

- 1.1 Having considered the report on the Annual Review of the Effectiveness of Internal Audit, members of the Audit & Regulatory Committee will be aware of the requirement to comply with the Accounts & Audit Regulations 2015. As part of this process of assurance, best practice suggests that an annual review of the effectiveness of the Audit & Regulatory Committee should be undertaken.

2. Recommendation

- 2.1 That the committee consider and approve the annual review of the effectiveness of the Audit & Regulatory Committee.

3. Executive Summary

- 3.1 This report and accompanying appendices will assist the Audit & Regulatory Committee in their consideration and discussion on the effectiveness of this Committee, and how this is to be measured. CIPFA guidance published in December 2013 sets out the basis for the self assessment.
- 3.2 A report was presented to this committee in September 2014 which provided

Councillors with a summary of the content of the CIPFA publication 'Audit Committees - Practical Guidance for Local Authorities and Police 2013 Edition', in order to inform future reviews of the Audit & Regulatory Committee. The terms of reference of the Audit & Regulatory Committee should be based upon this CIPFA guidance. It was resolved that the principles in the report be endorsed and the report noted.

- 3.3 An audit committee's effectiveness should be judged by the contribution it makes to, and the beneficial impact it has on, the authority's business. Since it is primarily an advisory body, it can be more difficult to identify how the audit committee has made a difference. Evidence of effectiveness will usually be characterised as 'influence', 'persuasion' and 'support'. A good standard of performance against recommended practice, together with a knowledgeable and experienced membership are essential requirements for delivering effectiveness.
- 3.4 Using the recommended practice in the CIPFA guidance should help the authority to achieve a good standard of performance. Included within this guidance is a checklist 'Self-Assessment of Good Practice' which will support an assessment against recommended practice to inform and support the audit committee.
- 3.5 Also contained within the guidance is an assessment tool 'Evaluating the Effectiveness of the Audit Committee' to help audit committee members to consider where it is most effective and where there may be scope to do more. To be considered effective, the audit committee should be able to identify evidence of its impact or influence linked to specific improvements.
- 3.6 The draft self-assessment checklist (**Appendix 1**) and the draft assessment tool (**Appendix 2**) have been completed by the Audit Manager in conjunction with the Executive Director and Chief Finance Officer. The committee are requested to discuss these documents and form agreement on their content.
- 3.7 The self-assessment checklist and assessment tool scores reflect the ongoing work to develop the committee structure, skills and knowledge following a report presented to this committee in September 2016.
- 3.8 Councillors will be aware that following the knowledge and skills framework self-assessment, changes were made to the structure and terms of reference of the committee in order to enhance existing arrangements and fill knowledge gaps.
- 3.9 As the committee will be considering and discussing the effectiveness of the Audit & Regulatory Committee, it is appropriate for the Audit & Regulatory Committee's terms of reference to be considered also. For ease of reference the Audit & Regulatory Committee's Terms of Reference are attached at **Appendix 3**.
- 3.10 Should any amendments to the terms of reference be considered appropriate, the committee can make an appropriate recommendation to Council.

4. How this report links to Corporate Priorities

- 4.1 The assurance provided by the work of the Audit & Regulatory Committee informs the Annual Governance Statement and therefore helps to confirm effective use of financial and other resources to ensure value for money.

5. Options and Analysis

- 5.1 There are no options to consider.

6. Implications

- 6.1 Community Safety - (Crime and Disorder Act 1998)
None.
- 6.2 Workforce
None.
- 6.3 Equality and Diversity/Equality Impact Assessment
This report has been prepared in accordance with the Council's Diversity and Equality Policies.
- 6.4 Financial Considerations
None.
- 6.5 Legal
None.
- 6.6 Sustainability
None.
- 6.7 Internal and External Consultation
None.
- 6.8 Risk Assessment
None.

ANDREW P STOKES
Executive Director (Transformation) & Chief Finance Officer

**Web Links and
Background Papers**

CIPFA Booklet 'Audit Committees - Practical Guidance for Local Authorities and Police' Accounts & Audit [England] Regulations 2015

Location

Internal Audit

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